

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 DRC-01 /192 W

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R 151830Z MAR 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6580

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS: GATT, ETRD, EC

SUBJ: HIJZEN-MALMGREN DISCUSSIONS ON ARTICLE XXIV:6--
MARCH 15-15, 1974

1. SUMMARY. AMBASSADOR MALMGREN REVIEWED WITH EC
COMMISSION DIRECTOR HIJZEN THE ESSENTIAL ELEMENTS
OF THE US REQUEST LIST IN LINE WITH MALMGREN PRESENTA-
TIONS IN EC CAPITALS IN JANUARY. HIJZEN RESPONDED THAT
SOME COMMUNITY CONCESSIONS WERE POSSIBLE, BUT HE DOUBTED THE
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COMMUNITY WOULD BE ABLE TO MEET ALL THE US REQUESTS. END SUMMARY.

2. IN CONVERSATIONS MARCH 14-15 AMBASSADOR MALMGREN REVIEWED WITH HIJZEN THE HARD CORE ELEMENTS OF THE US REQUEST LIST OF JANUARY 14. THEY ALSO DISCUSSED THE CONTENTS OF A POSSIBLE JOINT STATEMENT ON CEREALS RIGHTS.

3. HIJZEN SAID THAT THE POSITION OF THE COMMISSION IN SEEKING CONCESSIONS FROM THE MEMBER STATES WAS MADE MORE DIFFICULT BY THE FACT THAT THE UNITED STATES HAD NOT YET PRODUCED CONVINCING EVIDENCE THAT THE NEGATIVE EFFECTS OF US, IRISH, AND DANISH TARIFF INCREASES, AND THEY MOVE TO THE CXT, WOULD SWAMP THE POSITIVE EFFECTS OF THE COMMUNITY'S SUPPLEMENTARY OFFER PLUS THE THREE COUNTRIES' TARIFF REDUCTIONS. WITHOUT THIS KIND OF PROOF IT IS DIFFICULT FOR A "POLITICAL SOLUTION" TO INCLUDE THE "BITING" REQUESTS THAT THE US IS MAKING. HIJZEN WAS PESSIMISTIC THAT THE GAP BETWEEN THE US AND THE COMMUNITY COULD BE ELIMINATED. MALMGREN RESPONDED THAT THE SIZE OF THE US REQUEST SHOULD BE NO SURPRISE, SINCE WE HAD BEEN PRESENTING THE SAME LIST SINCE TOKYO. CERTAINLY ALL EC MEMBERS KNEW WHAT WAS INVOLVED BEFORE GOING ALONG WITH THE SOAMES' MARCH SCENARIO.

4. FOR CEREALS HIJZEN FAVORED A STATEMENT WHICH WAS A CLEAR AGREEMENT TO DISAGREE. THERE MIGHT ALTERNATIVELY BE RECOGNITION THAT CEREALS WAS TOO COMPLEX TO SETTLE NOW AND WOULD BE DEALT WITHIN THE MTN. EITHER WAY HIJZEN DID NOT THINK THAT A SPECIFIC "EXOUT" OF CEREALS FROM THE ARTICLE XXIV:6 SETTLEMENT WAS POSSIBLE. THE EC WOULD NOT BE ABLE TO ACCEPT ANY FORMULA THAT IMPLIED A DEBT WAS CARRIED OVER.

5. HIJZEN SAID THAT THE COMMISSION ON MARCH 15 HAD CHECKED ON CITRUS WITH DI CHIO IN ROME, WHO SAID THAT ITALY COULD NEVER ACCEPT THREE MONTHS MORE. HIJZEN THOUGHT A TWO WEEK EXTENSION OF THE LOW DUTY PERIOD, OR PERHAPS THREE WEEKS, MIGHT BE POSSIBLE. FOR TOBACCO HIJZEN BELIEVED THAT THE EC COULD REDUCE THE MAXIMUM DUTY FROM 70 TO LIMITED OFFICIAL USE

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60 UNITS OF ACCOUNT. HE WAS DOUBTFUL ON ANYTHING MORE, BUT EMPHASIZED THAT THE PRICE OF TOBACCO IS GOING UP EACH YEAR AND A REDUCTION IN THE MAXIMUM DUTY WOULD SOON BE USEFUL.

6. HIJZEN SEEMED LESS PESSIMISTIC ON A NUMBER OF INDUSTRIAL PRODUCTS. HE SAID THE EC COULD MOVE ON DUMPERS AND AGRICULTURAL TRACTORS. KRAFT LINER WAS

HARDER, AND HE ASKED US TO LOOK AT LINER BOARD SEPARATELY. EXCAVATING EQUIPMENT WAS MOST DIFFICULT, ESPECIALLY BECAUSE OF THE LONG HISTORY OF US ATTEMPTS IN PAST NEGOTIATIONS TO REDUCE THIS PROTECTION AND EC DECISIONS TO REFUSE. ON FILM, HE ASKED US TO CONSIDER EX-OUTS, PARTICULARLY OF INDUSTRIAL, COMMERCIAL OR HOSPITAL TYPE FILM.

7. MALMGREN EXPRESSED PESSIMISM TO HIJZEN. IN VIEW OF THE DIFFERENCE IN POSITIONS SOME DOUBT EXISTED WHETHER A DEAL COULD BE STRUCK. CITRUS AND TOBACCO CONCESSIONS WERE A SINE QUA NON. HIJZEN RESPONDED THAT THOUGH THE GAP REMAINED WIDE, HE PERSONALLY THOUGHT EFFORTS SHOULD CONTINUE, AND THAT AT THE RIGHT MOMENT THERE SHOULD BE A MEETING AT THE POLITICAL LEVEL (I.E. EBERLE-SOAMES). GREENWALD

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